

*Washington, DC* - Congressman Maurice Hinchey (D-NY) today voted against a middle class tax increase put forward by Republicans in the U.S. House of Representatives. The legislation in question, H.R. 4, would eliminate a 1099 reporting requirement that small businesses oppose. Hinchey said, however, that while he is supportive of the effort to stop the burdensome rule from taking effect in 2012, he also thinks that middle class families should not be forced to pick up the \$25 billion tab. Hinchey voted to pass a version of the bill that avoids tax increases on middle class families by instead repealing taxpayer-funded subsidies for large oil companies.

"Virtually everyone agrees that the 1099 reporting requirement established as a result of the health care law should be stopped and eliminated before it goes into effect," said Hinchey. "What we disagree on is how that should be paid for. I think it should be paid for by ending taxpayer subsidies for Big Oil, and the other side wants to raise taxes on middle class families."

In January, Hinchey signed onto alternative legislation that would repeal a provision that in 2012 will require businesses to send IRS Form 1099s for every business-to-business transaction of \$600 or more for both property and services. The Small Business Tax Relief Act of 2011, H.R. 417, would help small businesses which say the requirement needlessly complicates the tax filing process without offering a foreseeable benefit.

"Employers in our part of New York and across the country should be in the job creating business - not the paperwork business," said Hinchey. "The health care law made a lot of important improvements but we need to continually work for smart changes that everyone can agree on. This new requirement won't improve our health care system and it needs to be eliminated. That's what I'm working hard to do, and I'm hopeful that we'll get bipartisan support."

President Obama highlighted the new 1099s filing requirement in his State of the Union address, noting that it would place an "unnecessary bookkeeping burden on small businesses." The expanded reporting requirement is not currently in place and is not scheduled to take effect until 2012. The provision was included in the Affordable Care Act to raise revenue by reducing the "tax gap," or the amount of income that goes unreported by large corporations, by requiring more comprehensive reporting of purchases of property and services.